

JUL 31 2019

U.S. Department of Homeland Security
Region III
One Independence Mall, 6th Floor
615 Chestnut Street
Philadelphia, PA 19106-4404



FEMA

MANAGEMENT DECISION

Mr. Dave W. Mullins
Acting Finance Director
State of West Virginia
2101 Washington Street E., Bldg. #17, 3rd Floor
Charleston, West Virginia 25305

RE: Single Audit Report
Audit Year: 2018
EIN: 550691527

FEMA CFDA No. (s): 97.036, 97.039, 97.042
Status of Audit Record: OPEN
Number of Closed Findings: 9
Number of Open Findings: 11
Amount of Questioned Costs: \$3,691,396.00
Amount of Disallowed Costs: \$901,411.00

Dear Mr. Mullins:

We have reviewed the status of corrective actions included in the Management Response from the Audit Report taken by your organization to address findings identified in the Single Audit for FY2017. The audit was performed by Ernst & Young LLP in accordance with the requirements of 2 CFR §200.500, Audits of States, Local Governments, and Non-Profit Organizations and the Single Audit Act Amendments of 1996. The status of each finding is listed below.

FINDING REFERENCE NUMBER: 2018-025	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.036 Public Assistance		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: Management of the West Virginia Division of Homeland Security and Emergency Management (DHSEM) prepared and submitted revisions to SF-425, <i>Federal</i>		

Financial Reports, without going through an appropriate review and approval process. DHSEM does not have adequate policies and procedures in place over the reporting process. Additionally, the required quarterly performance reports, the FEMA Form 009-0-111, are not reviewed and approved.

It is recommended that DHSEM implement controls over the report preparation and submission process. It is also recommended that the review be performed by an individual independent of the data entry process.

MANAGEMENT ACTION REQUIRED: WV DHSEM submitted policy 2200.1, Allowable Costs and Cost Principles, which includes the report and submission process, effective March 2019 and updated July 2019. WV DHSEM now requires dual signatures for review and approval for Quarterly Reports, Annual Reports, Financial Reports, etc.

FEMA'S COMMENTS/DECISION: This audit finding is closed.

FINDING REFERENCE NUMBER: 2018-026	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.036 Public Assistance		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: One of the forty payroll transactions and one of the forty nonpayroll transactions selected for testing from the West Virginia Division of Highways (the Division) expenditures were not properly reviewed and approved. It is recommended that DHSEM implement controls and policies and procedures to ensure all transactions are reviewed and approved.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted policy 2200.1, Allowable Costs and Cost Principles which includes the review and approval process of expenditures, effective March 2019 and updated July 2019. These policies and procedures provide an overview of the Public Assistance program, to include allowable costs and cost principles. WV DHSEM will also train and distribute the procedure to the workforce.		
FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. In order for WV DHSEM's CAP to be sufficient the following evidence will need to be provided to the Single Audit Official in order to resolve and close this finding. <ul style="list-style-type: none">A plan on how DHSEM will train staff and implement policies that includes milestones and deliverables DHSEM has until September 30, 2019 to submit a timeline to the Single Audit Official.		

FINDING REFERENCE NUMBER: 2018-027	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: Unknown
CFDA NUMBER: 97.036 Public Assistance		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: The West Virginia School Building Authority (SBA) is not holding their advance payments of federal awards in interest-bearing accounts during fiscal year 2018. Beginning in February 2018, the SBA began transferring the advance payments to interest-bearing accounts. By June 30, 2018, the SBA transferred all funds to interest bearing accounts. In addition, interest earned in excess of \$500 for fiscal 2018 was not remitted back to the Department of Health and Human Services, Payment Management System. It is recommended that DHSEM develop internal controls and policies and procedures to ensure that if they advance funds to their to their subrecipients of federal awards DHSEM must ensure that the advance funds be held in interest-bearing accounts and that interest earned on cash advances is tracked and remitted to the Federal government on an annual basis.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a cash management policy 2300.1, effective July 2019. This policy specifically references 2 CFR 200.305, regarding the requirements of federal advance payments and cash management.		
FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. In order for WV DHSEM's CAP to be sufficient the following evidence will need to be provided to the Single Audit Official in order to resolve and close this finding. <ul style="list-style-type: none">• Copy of a tracker to ensure that WV DHSEM has controls in place to track and monitor advance payments to their subrecipients. DHSEM has until September 30, 2019 to submit an updated corrective action plan to the Single Audit Official.		

FINDING REFERENCE NUMBER: 2018-028	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.036 Public Assistance		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: For eight of the forty subrecipient payments selected for testing, the West Virginia Division of Homeland Security and Emergency Management (DHSEM) failed to reimburse the subrecipients within 30 calendar days after the receipt of the billing. It is recommended that DHSEM implement controls and policies and procedures over the subrecipient payment process to ensure that reimbursements are made within 30 calendar days after receipt of billing.		

MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a cash management policy, 2300.1, effective March 2019, and updated July 2019. This policy details the subrecipient payment process, including appropriate review and approval. The policy also emphasizes that payments must be made within 30 calendar days after the receipt of billing.

FEMA'S COMMENTS/DECISION: This audit finding is closed.

FINDING REFERENCE NUMBER: 2018-029	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.036 Public Assistance		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: The West Virginia Division of Homeland Security and Emergency Management (DHSEM) did not monitor the activities of the subrecipients as necessary, nor was a review completed on Uniform Guidance audit reports posted to the State Auditor’s website until June 30, 2018. It is recommended that DHSEM continue to follow their formalized policies implemented at year-end for developing and tracking subrecipient monitoring reports, for receiving and tracking subrecipient audit reports, and for following up on any instances for subrecipient compliance or internal control findings to ensure they are resolved in a timely manner.		
MANAGEMENT ACTION REQUIRED: Management did not have effective internal controls and policies and procedures in place during the fiscal year. Management did not have adequate staff with appropriate training to complete the monitoring process during the fiscal year.		
FEMA’S COMMENTS/DECISION: This finding is sustained and the audit finding is open. WV DHSEM does have an internal control policy in place, however, the Internal Review Department is not fully staffed. WVDSHEM has yet to staff an accountant, lead monitor, and business manager. In order to close this finding, DHSEM will need to fully staff their Internal Review Department. DHSEM has until September 30, 2019 to submit their plan on when they hope to fully staff the Internal Review Department.		

FINDING REFERENCE NUMBER: 2018-030	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.039 Hazard Mitigation		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: For eight of the sixteen subrecipient payments selected for testing, the West Virginia Division on Homeland Security and Emergency Management (DHSEM) failed to reimburse the subrecipients within 30 calendar days after receipt of the billing.		

It is recommended that DHSEM implement internal controls policies and procedures over the subrecipient payment process to ensure that reimbursements are made within 30 calendar days after receipt of the billing.

MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a cash management policy, 2300.1, effective March 2019 and updated July 2019. This policy details the subrecipient payment process, including appropriate review and approval. The policy also emphasizes that payments must be made within 30 calendar days after the receipt of billing.

FEMA'S COMMENTS/DECISION: This audit finding is closed. A sampling of two HMGP subrecipient payments at the July 2019 visit confirms all were paid within 30 calendar days.

FINDING REFERENCE NUMBER: 2018-031	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: \$1,578,214.00
CFDA NUMBER: 97.039 Hazard Mitigation		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: West Virginia Division on Homeland Security and Emergency Management (DHSEM) did not provide timely supporting documentation to auditors. Missing supportive documentation includes: Eligibility for Subrecipients <ul style="list-style-type: none">For 6 of the 8 subrecipients selected for testing, DHSEM did not provide the FEMA Approved Mitigation Plan to allow the auditors to determine if eligibility requirements were met. Total federal expenditures for these subrecipients were \$1,578,214.00For 8 of the 8 subrecipients selected for testing, DHSEM did not provide the signed grant agreement with the subrecipient. It is recommended that DHSEM ensure that all documentation supporting transactions or compliance requirements subject to audit be maintained and readily available if requested. Timely receipt of supporting documentation is crucial for the completion of the audit.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a Hazard Mitigation Grant Program's eligibility determination policy 2400.2, effective March 2019 and updated July 2019. This policy included the necessity of a FEMA-approved Mitigation Plan, as well as a procedure for document retainage.		
FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. From the documentation submitted, the \$1,578,214.00 of questioned costs is still unresolved. In order for WV DHSEM's CAP to be sufficient, it will need to work with FEMA HMGP Program staff to determine the monies that should be returned to FEMA. DHSEM has until September 30, 2019 to submit an updated corrective action plan to the Single Audit Official.		

FINDING REFERENCE NUMBER: 2018-032	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: \$104,117.00
CFDA NUMBER: 97.039 Hazard Mitigation		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: For 4 of the 23 transactions selected for matching, the West Virginia Division of Homeland Security and Emergency Management (DHSEM) failed to properly match 25 percent of the expenditure incurred. It is recommended that DHSEM implement internal controls and policies and procedures over the matching process to ensure that the proper state match is being applied to all expenditures incurred.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a Matching, Level of Effort and Earmarking policy 2600.2, effective March 2019 and updated July 2019. This policy states that payments to subrecipients are maintained so that for each payout of the federal share, payment for the portion of the match percentage is also made. From the documentation submitted, the \$104,117.00 of questioned costs is still unresolved. For WV DHSEM's CAP to be sufficient, it will need to work with HMGP Program staff to determine the monies that should be returned to FEMA. DHSEM has until September 30, 2019 to submit an updated corrective action plan to the Single Audit Official.		
FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. FEMA HMA Program staff will work with the state to validate that the 4 transactions questioned accurately accounted for the 25% match. If determined that questioned costs were actually unallowed, state will work on returning funds to FEMA.		

FINDING REFERENCE NUMBER: 2018-033	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: \$143,369.00
CFDA NUMBER: 97.039 Hazard Mitigation		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: For 3 of the 9 SF-425, Federal Financial Reports, and both of the Quarterly Performance Reports selected for testing, management of the West Virginia Division of Homeland Security and Emergency Management (DHSEM) prepared and submitted the reports, without going through the appropriate review and approval process. In addition, there was no documentation to support the amounts reported in one SF-425 report, for the reporting period July 1, 2017 to September 30, 2017, selected for testing. It is recommended that DHSEM review its internal controls and policies and procedures over the report review and approval process. At a minimum, such controls should include a documented review and approval process that ensures reported amounts agree with supporting		

documentation. We recommend that the review be performed by an individual independent of the data entry process.

MANAGEMENT ACTION REQUIRED: WV DHSEM submitted policies and procedures over the report and submission process policy 2200.1, Allowable Costs and Cost Principles, effective March 2019 and updated July 2019. WV DHSEM now requires dual signatures for review and approval for Quarterly Reports, Annual Reports, Financial Reports, etc.

FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. From the documentation submitted, the \$143,369.00 of questioned costs is still unresolved. FEMA Grants and Mitigation Division will work with the recipient to validate the questioned cost of \$143,369 and if substantiated, we will close.

FINDING REFERENCE NUMBER: 2018-034	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: Unknown
CFDA NUMBER: 97.039 Hazard Mitigation		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: The following issues related to subrecipient monitoring for the West Virginia Division of Homeland Security and Emergency Management (DHSEM) for Hazard Mitigation Grant program were noted: <ul style="list-style-type: none">• DHSEM is not completing subrecipient risk assessments.• Management indicated that they reviewed completed auditor’s reports posted to the State Auditor’s website; however, there is no evidence of this review or documentation regarding resolution of any issues identified. It is recommended that DHSEM implement their formalized policies developed at year-end for developing and tracking subrecipient monitoring reports, for receiving and tracking subrecipient audit reports, and for following up on any instances of subrecipient compliance or internal control findings to ensure that they are resolved in a timely manner.		
MANAGEMENT ACTION REQUIRED: Management of DHSEM implemented monitoring policies and procedures in June 2018, but did not have adequate staff with appropriate training to complete the monitoring process during the fiscal year.		
FEMA’S COMMENTS/DECISION: This finding is sustained and the audit finding is open. WV DHSEM does have an internal control policy in place, however, the Internal Review Department is not fully staffed. WVDSHEM has yet to staff an accountant, lead monitor, and business manager. In order to close this finding, DHSEM will need to fully staff their Internal Review Department. DHSEM has until September 30, 2019 to submit their plan on when they hope to fully staff the Internal Review Department.		

FINDING REFERENCE NUMBER: 2018-035	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: The West Virginia Division of Homeland Security and Emergency Management's (DHSEM) internal controls are not adequate to ensure that the Schedule of Expenditures of Federal Awards (SEFA) accurately reports all federal assistance. The review of the SEFA for fiscal year 2018 identified various transactions occurring in 2017 were improperly excluded from the 2017 SEFA and included on the 2018 SEFA. The total amount of 2017 expenditures reported on the 208 SEFA was \$103,342. It is recommended that DHSEM ensure staff responsible for the preparation of SEFA have the resources needed to accurately prepare the SEFA.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted policy 900 on the preparation of the Schedule of Expenditures of Federal Awards, effective March 2019 and updated July 2019.		
FEMA'S COMMENTS/DECISION: This audit finding is closed.		

FINDING REFERENCE NUMBER: 2018-036	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: \$922,168
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: Six (6) of the forty (40) payroll transactions selected for testing were not properly reviewed and approved. Additionally, for the 38 of 40 payroll transactions selected for testing, the amount charged to the program was not able to be reconciled back to the employee's pay stub for the period selected for testing. Further, support was not provided for \$848,870 in expenditures listed on the SEFA. It is recommended that DHSEM implement controls to ensure expenditures are properly reviewed and approved before being charged to a federal award and that supporting documentation is retained.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted the Allowable Activities and Cost Principles policy 2200.3, effective March 2019. This policy details what costs are allowable in terms of Management & Administration, Indirect Costs, Planning, Organization Equipment and Training.		
FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. From the documentation submitted, the \$922,168.00 of questioned costs is still unresolved.		

FEMA Grants Division will work with WVDHSEM to validate that the questioned costs are valid. WV DHSEM will need to provide recent payroll data related to EMPG to further validate the tracing of expenditures back to the award.

DHSEM has until September 30, 2019 to work with FEMA EMPG program staff to submit these specific payroll samples to be validated.

FINDING REFERENCE NUMBER: 2018-037	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: For the nine of ten subrecipient payments selected for testing, the West Virginia Division of Security and Emergency Management (DHSEM) failed to reimburse the subrecipients within 30 calendar days after receipt of billing. It is recommended that DHSEM implement controls and policies and procedures over the subrecipient payment process to ensure that reimbursements are made within 30 calendar days after the receipt of billing.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a cash management policy 2300.1 and 2300.3, effective March 2019 and updated July 2019. This policy details the subrecipient payment process, including appropriate review and approval. The policy also emphasizes that payments must be made within 30 calendar days after the receipt of billing.		
FEMA'S COMMENTS/DECISION: This audit finding is closed. During our July site visit to the recipient, we sampled four EMPG subrecipient payments and all were paid within 30 days.		

FINDING REFERENCE NUMBER: 2018-038	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: \$901,411.00
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: \$901,411.00
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: The West Virginia Division of Security and Emergency Management (DHSEM) did not obtain and/or maintain documentation of subrecipient Emergency Operations Plans (EOP) as required to determine that the subrecipient is eligible for any of the 19 subrecipients selected for testing.		

It is recommended that DHSEM review its internal controls and policies and procedures regarding the subrecipient eligibility process. At a minimum, DHSEM should implement a tracking system with a documented review and approval process that ensures an eligibility determination for each potential subrecipient. We recommend that the review be performed by an individual independent of the data entry process.

MANAGEMENT ACTION REQUIRED: WV DHSEM submitted an Eligibility of Emergency Management Performance Grants policy 2400.3, effective March 2019. This policy included a checklist that will be used to ensure that all requirements are met.

FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. From the documentation submitted, the \$901,411 (\$273,157 for EMW-2014-EP-00044 and \$628,254 for EMW-2015-EP-00050) of questioned costs is still unresolved. While having an updated EOP is not a requirement in the NOFO for sub-recipients, DHSEM has a performance measures checklist for EMPG for their sub-recipients that checks whether they have an updated EOP. Of the samples pulled by the FEMA EMPG Program Manager during the July 2019 site visit, many of them did not have an updated EOP, but the sub still received EMPG funding. WV DHSEM should draft an SOP that captures the lifecycle of grants to their subs. In that SOP they should discuss requirements of the subs and placing holds on their funds and/or not funding a project should they not meet the requirements of the grant. The finding is sustained and the questioned costs are deemed disallowed. A NOTICE of Potential Debt will be issued to WV DHSEM.

DHSEM has until August 30, 2019 to return funds back to FEMA.

FINDING REFERENCE NUMBER: 2018-039	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: Unknown
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: The West Virginia Division of Security and Emergency Management (DHSEM) charged M&A expenditures to EMPG grants, but DHSEM management did not track these expenditures to ensure compliance with applicable earmarking requirements noted in the award. It is recommended that DHSEM implement internal controls and policies and procedures regarding earmarking and M&A tracking process. At a minimum, DHSEM should implement a tracking system with a documented review and approval process that ensures M&A expenditure amounts do not exceed maximum allowable thresholds. It is recommended that the review be performed by an individual independent of the data entry process.		

MANAGEMENT ACTION REQUIRED: WV DHSEM submitted an Eligibility of Emergency Management Performance Grants policy, 2400.3, effective March 2019 and updated July 2019, to include earmarking and the M&A tracking process. This policy includes review and approval, done independent of each other, to ensure that expenditure amounts do not exceed maximum allowable thresholds.

FEMA'S COMMENTS/DECISION: This audit finding is closed.

FINDING REFERENCE NUMBER: 2018-040	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: \$40,203.00
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		
RECOMMENDATION: For 1 of the 36 transactions selected for testing, the West Virginia Division of Homeland Security and Emergency Management (DHSEM) failed to properly match 50 percent of the expenditure incurred as required per the grant agreement. It is recommended that DHSEM implement internal controls and policies and procedures over the matching process to ensure that the proper state match is being applied to all expenditures incurred.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a Matching, Level of Effort and Earmarking policy, 2600.3, effective March 2019. From the documentation submitted, the \$40,203.00 for EMP-2016-EP-00002 of questioned costs is still unresolved.		
FEMA'S COMMENTS/DECISION: This finding is sustained and the audit finding is open. The FY2016 match requirements must be met before the closeout of the grant on July 31, 2019. Once final reimbursements are approved, the finding can be closed.		

FINDING REFERENCE NUMBER: 2018-041	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: \$1,914.00
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: Management of the West Virginia Division of Homeland Security and Emergency Management (DHSEM) prepared and submitted various reports required under the Emergency Management Performance Grant program without going through the appropriate review and approval process. Reports submitted without approval included the following:		

- SF-425, *Federal Financial Reports*
- SF-PPR, *Performance Progress Reports*
- BSIR, *Biannual Strategy Implementation Reports*
- THIRA, *Threat and Hazard Identification and Risk Assessment*
- SPR, *State Preparedness Report*

In addition, there was no documentation to support the expenditure amounts reported in one SF-425 (2014 EMPG grant from July 1, 2017 through September 30, 2017 and 2016 EMPG grant from January 1, 2018 through March 31, 2018 reports), *Federal Financial Reports*, and the expended and obligated balance in all BSIR, *Biannual Strategy Implementation Reports*, performance reports selected for testing which consisted of the following:

- EMPG 2014 January 1, 2018 through June 30, 2018
- EMPG 2015 January 1, 2018 through June 30, 2018
- EMPG 2016 July 2017 through December 31, 2017, and January 1, 2018 through June 30, 2018
- EMPG 2017 July 1, 2017 through December 31, 2017

It is recommended that DHSEM review its internal controls and policies and procedures over the report review and process. At a minimum, such controls should include a documented review and approval process that ensures reported amounts agree with supporting documentation. We recommend that the review be performed by an individual independent of the data entry process.

MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a Fiscal Planning policy, 200, effective March 2019 and updated July 2019, related to the reporting requirements under the Emergency Management Performance Grant Program. This policy includes a process on fiscal planning and preparing reports. From the documentation submitted, the \$1,914.00 of questioned costs is still unresolved for EMW-2014-EP-00044. For WV DHSEM's CAP to be sufficient, it will need to work with EMGP Program staff to determine the monies that should be returned to FEMA.

FEMA'S COMMENTS/DECISION: This finding is closed. During the July 2019, FEMA staff were able to validate that costs are allowable.

FINDING REFERENCE NUMBER: 2018-042	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: Unknown
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: OPEN (O)		

RECOMMENDATION: It was noted that the following issues related to subrecipient monitoring for the West Virginia Division of Homeland Security and Emergency Management (DHSEM) for the Emergency Management Performance Grant program:

- DHSEM is not completing subrecipient risk assessments.
- DHSEM is not documenting monitoring.
- Management indicated that they review and completed auditor reports posted to the State Auditor's website; however, there is no evidence of this review or documentation regarding resolution of any issues identified.

It is recommended that DHSEM implement their formalized policies developed at year-end for developing and tracking subrecipient monitoring reports, for receiving and tracking subrecipient audit reports, and for following up on any instances of subrecipient compliance or internal control findings to ensure they are resolved in a timely manner.

MANAGEMENT ACTION REQUIRED: Management of DHSEM did not have internal controls or policies and procedures in place over subrecipient monitoring for the period of July 1, 2017 through May 31, 2018. Management did not have adequate staff with appropriate training to complete the monitoring process during the fiscal year.

WV DHSEM does have an internal control policy in place, however, the Internal Review Department is not fully staffed. WVDSHEM has yet to staff an accountant, lead monitor, and business manager. In order to close this finding, DHSEM will need to fully staff their Internal Review Department. DHSEM has until September 30, 2019 to submit their plan on when they hope to fully staff the Internal Review Department

FINDING REFERENCE NUMBER: 2018-043	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
RECOMMENDATION: The West Virginia Division of Homeland Security and Emergency Management (DHSEM) did not submit the required closeout reporting package within 90 days of the expiration of the grant award. It is recommended that DHSEM review its internal controls and policies and procedures in place over the close out reporting process. At a minimum, controls should be in place to ensure that all required reports are submitted within the 90 days of the expiration or termination of the grant award.		
MANAGEMENT ACTION REQUIRED: WV DHSEM submitted an Eligibility of Emergency Management Performance Grants policy, 2400.3, effective March 2019 and updated July 2019, to include the closeout and review and approval process for EMPG grants.		
FEMA'S COMMENTS/DECISION: This audit finding is closed.		

FINDING REFERENCE NUMBER: 2018-044	FINDING SUSTAINED: Yes	AMOUNT OF QUESTIONED COSTS: N/A
CFDA NUMBER: 97.042 Emergency Management Performance Grants		AMOUNT DISALLOWED: N/A
STATUS OF FINDING: CLOSED (C)		
<p>RECOMMENDATION: Although the required exercises were completed and are tracked by the State Exercise Coordinator, there is no documentation of the review of AAR/IP reports submitted to the Regional EMPG Program Manager. Additionally, there is no documentation indicating that the AAR/IP reports were submitted within 90 days of the completion of the exercise. For 21 of the 22 employees selected for testing, DHSEM was not able to provide documentation that the employees met the required training requirements noted above.</p> <p>It is recommended that DHSEM implement internal controls and policies and procedures regarding the Training and Exercise Plan requirements, including implementing policies and procedures over the submission of the AAR/IP reports and over the employee training and exercise participation. At a minimum, DHSEM should document review and approval of the AAR/IP reports to ensure they are in compliance with the requirements of the grant award and submitted timely. DHSEM should also implement a tracking system with a documented review and approval process that ensures all EMPG-funded personnel complete the required training and participate in the required number of exercises.</p>		
<p>MANAGEMENT ACTION REQUIRED: WV DHSEM submitted a policy regarding the Eligibility of Emergency Management Performance grants, policy 2400.3, effective March 2019 and updated July 2019. This policy includes training and exercise plan requirements.</p>		
<p>FEMA'S COMMENTS/DECISION: This audit finding is closed.</p>		

If you have any questions, please do not hesitate to contact the Audit Point of Contact, Marissa Kapuscinski at 202-374-8899 or by email at Marissa.Kapuscinski@fema.dhs.gov.

Sincerely,



Regeane Frederique
Director, Grants Division

cc: Michael Todorovich, Director and Homeland Security Advisor, WVDHSEM
Michael Senycz, Director, Recovery Division, DHS/FEMA Region III
April Cummings, Director, Mitigation Division, DHS/FEMA Region III